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Production starts on what cigarette company contends is safer smoke

WINSTON-SALEM, North Carolina (AP) - Production of a cigarette that its maker says has fewer cancer-causing ingredients began last week as Vector Tobacco geared up for sales expected to start in retail stores later this month.

Durham-based Vector Tobacco says its new Omni cigarette brand is made with a chemical treatment that reduces certain cancer-causing elements in cigarette smoke.

A second product, Omni Free, will come out next year using the treatment, plus a new type of tobacco genetically engineered to contain virtually no nicotine.

Vector Tobacco, owned by Miami-based Vector Group Ltd., is a sister company to the Liggett Group Inc., the smallest of the major tobacco companies. Liggett, based in Mebane, was the first cigarette-maker to break ranks with the industry and settle lawsuits brought by state attorneys general.

Overall, the company is investing about dlrs 100 million in what it calls its "less hazardous" smoking products.

Whether the investment will pay off remains to be seen, but judging from the fact that Vector Group's stock has climbed about 200 percent this year, some investors think there are big things ahead.

"The stock has captured the imagination of some investors," said Joel Luton, the director of research at APS Financial Corp. The key question is whether smokers buy the cigarette, he said.

Vector Group said that Omni did well in "consumer taste tests, scoring equal to or slightly better than the leading premium cigarette."

One of the biggest investors in Vector Group is Carl Icahn, the billionaire financier.

In August, Icahn's High River LP investment arm shelled out dlrs 48

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